

Transamerica Balanced II

I3 | TBLTX | 09/15/2017 R | TBLRX | 07/05/1994

Investment objective

The fund seeks to provide a high total investment return.

Key facts

Investment Manager

Transamerica Asset Management, Inc. (TAM)

Morningstar Category

Moderate Allocation

Lipper Category

Mixed-Asset Target Alloc Moderate Funds

Dividend Frequency

Quarterly

Benchmark(s)

S&P 500® Index

Bloomberg US Aggregate Bond Index

SUB-ADVISER



Aegon USA Investment Management, LLC (AUIM)

PORTFOLIO MANAGERS

Daniel Belton, CFA

Tyler A. Knight, CFA

Brian W. Westhoff, CFA

Sivakumar N. Rajan

SUB-ADVISER

J.P.Morgan

Asset Management

J.P. Morgan Investment Management Inc. (JPM)

PORTFOLIO MANAGERS

Tim Snyder, CFA

Raffaele Zingone, CFA

MACROECONOMIC OVERVIEW

AUIM: The government shutdown brought heightened uncertainty around the economic backdrop in October and November, particularly with the delay of most economic releases. Nonetheless, data released during the quarter eventually painted a benign picture for the US economy. The Bloomberg US Aggregate Index returned 1.10% in the quarter. The index yield to worst declined 5 bps from 4.37% to 4.32% and the option-adjusted spread narrowed 1 basis point to 27 basis points (bps), near its tightest level on record.

JPM: The S&P 500 Index® returned +2.66% in the fourth quarter of 2025. Within the index, health care and communication services were the best performing sectors, returning +11.68 and +7.26%, respectively, while real estate and utilities were the worst performing sectors, returning -2.86% and -1.40%, respectively. The S&P 500 Index® advanced 2.66% in the fourth quarter, driven by solid earnings, steady economic growth, and cooling inflation. Strong third-quarter 2025 GDP and robust business investment provided a foundation for market gains, while healthy high-end consumer spending added support. However, concerns over tariff changes, a slowing labor market, and speculation around Federal Reserve rate decisions led to several market pullbacks. Warnings of an AI “bubble” and affordability pressures for lower-end consumers added to investor caution. Despite these headwinds, volatility remained contained. Large cap stocks as represented by the S&P 500 Index® outperformed the small cap Russell 2000 Index®, as they returned +2.66% vs. +2.19%, respectively. Value outperformed Growth, as the Russell 3000 Value Index® returned +3.78% and the Russell 3000 Growth Index® returned +1.14%.

FUND OVERVIEW

AUIM: Transamerica Balanced II performance relative to the Bloomberg US Aggregate Index benefited from the overweight to credit in the quarter. Credit spread-related impacts negligibly contributed to relative returns over the period while yield curve factors negligibly detracted. Selection within investment grade corporate credit was the largest contributor to relative returns, followed by the underweight to government securities. An ex-index allocation to non-agency residential mortgage-backed securities (non-agency RMBS) and a modest allocation to high yield corporate credit were also notable contributors. Selection within government securities was the largest detractor to relative returns. Over the quarter, the portfolio held longer-duration securities in governments relative to the benchmark’s duration profile for the sector. This positioning negatively impacted relative performance given the rise in rates at the long end of the curve over the quarter.

JPM: The portfolio performed in line with its benchmark during the quarter. Stock selection in the financial services, retail and banks & brokers sectors contributed to performance, while stock selection in the software & services, industrial cyclical and basic materials sectors detracted. On the positive side, within software & services, our overweight in Cognizant (CTSH) (0.34% as of 12/31/2025), within hardware & semiconductors, our overweight in Micron Technology (MU), (0.40%), and lastly, within retail, our underweight in Home Depot (HD), (0.00%) contributed to performance during the quarter. On the negative side, within hardware & semiconductors, our underweight in Advanced Micro Devices (AMD), (0.17%), within software & services, our overweight in Oracle (ORCL), (0.52%), and lastly, within pharma/ medical technology, our overweight in Stryke (SYK), (0.43%), detracted from performance during the quarter.

OUTLOOK

AUIM: The broad trends continue to support our economic “cooling” theme and lend credence to the U.S Federal Reserve (Fed) pivot to the resumption of interest-rate cuts. The labor market continues to exhibit a slow bleed of low hiring and low firing. At the same time, various economic indicators continue to show signs of robust economic activity, keeping spreads near their tightest levels. Given the persistence of risks to the economic outlook and elevated valuations, the sub-adviser maintains a cautious risk stance and will continue to manage exposure alongside the evolving outlook.

JPM: JP Morgan continues to focus on fundamentals of the economy and company earnings with analysts’ estimates for S&P 500 Index® earnings project +14% for 2026 and +10% for 2027. While subject to revision, this forecast includes the sub-adviser’s best analysis of earnings expectations. The US equity market rally remains strong but presents a case for active stock selection in the face of high index concentration and a narrow rally led by AI and technology. Additionally, evolving monetary and fiscal policies along with geopolitical tensions in the US and globally could add to market volatility. JP Morgan continues to focus on high conviction stocks and take advantage of market dislocations for compelling stock selection opportunities.

All opinions, estimates, projections and security selections contained herein are those of the sub-adviser. It does not constitute investment advice and should not be used as a basis for any investment decision.

Average annual total returns and expense ratios (%)

| | 3M | YTD | 1YR | 3YRS | 5YRS | 10YRS | Inception | Gross | Net |
|--|------|-------|-------|-------|-------|-------|-----------|-------|------|
| Class I3 (at NAV) | 1.91 | 13.25 | 13.25 | 15.63 | 8.70 | - | 9.72 | 0.62 | 0.62 |
| Class R (at NAV) | 1.76 | 12.62 | 12.62 | 15.04 | 8.16 | 9.28 | 7.61 | 1.11 | 1.10 |
| S&P 500® Index | 2.66 | 17.88 | 17.88 | 23.01 | 14.42 | 14.82 | - | - | - |
| Bloomberg US Aggregate Bond Index | 1.10 | 7.30 | 7.30 | 4.66 | -0.36 | 2.01 | - | - | - |

The data shown represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Please see transamerica.com for performance data current to the most recent month-end. The investment return and principal value of mutual funds will fluctuate over time so that shares, when redeemed, may be worth more or less than their original cost. Net asset value (NAV) returns include reinvestment of dividends and capital gains but do not reflect the deduction of any sales charges. If a sales charge had been deducted, the results would have been lower. Performance for other share classes will vary.

There are no sales charges for Class R. Class R shares are only available through eligible retirement accounts. There are no sales charges for Class I shares. Class I shares are primarily offered for investment to institutional investors including, but not limited to, fee-based programs, pension plans, and certain endowment plans and foundations. The minimum investment for Class I shares is \$1,000,000 per fund account, but will be waived for certain investors.

Performance figures reflect any fee waivers and/or expense reimbursements by the Investment Manager. Without such waivers and/or reimbursements, the performance would be lower. Future waivers and/or reimbursements are at the discretion of the Investment Manager. Contractual arrangements, if any, have been made with Transamerica Asset Management, Inc. through 3/1/2026.

Top 10 holdings (%)

| | |
|--|--------------|
| NVIDIA Corp. | 4.98 |
| Apple, Inc. | 4.26 |
| Microsoft Corp. | 4.06 |
| Amazon.com, Inc. | 2.53 |
| Alphabet, Inc., Class A | 1.91 |
| Meta Platforms, Inc., Class A | 1.70 |
| Broadcom, Inc. | 1.64 |
| Uniform Mortgage-Backed Security, TBA, 2.50%, due 01/01/2055 | 1.57 |
| Alphabet, Inc., Class C | 1.26 |
| Tesla, Inc. | 1.24 |
| Total | 25.15 |

Holdings and weights are subject to change and are not recommendations to buy or sell a security. Holdings display excludes net other assets (liabilities).

Asset allocation(%)

| | |
|--------------------------------------|-------|
| U.S. Equity | 57.95 |
| U.S. Fixed Income | 34.98 |
| U.S. Short Term Investments | 6.50 |
| International Fixed Income | 3.07 |
| International Equity | 2.00 |
| International Short Term Investments | 0.77 |
| Net Other Assets (Liabilities) | -5.27 |

U.S. allocations may include U.S. territories and possessions. The Net Other Assets (Liabilities) category may include, but is not limited to, repurchase agreements, reverse repurchase agreements, security lending collateral, forward foreign currency contracts, and cash collateral.

S&P 500® and Bloomberg US Aggregate Bond Index are unmanaged indices used as general measures of market performance. It is not possible to invest directly into an index. Calculations assume dividends and capital gains are reinvested and do not include any managerial expenses.

The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. If the market prices of the equity securities owned by the fund fall, the value of the fund will decline. Fixed income securities have several risks including fluctuations in market value, changes in interest rates as the values will decrease as interest rates rise, and issuers defaulting on their obligations to pay interest or return principal.

Shares may be sold (or "redeemed") on any day the New York Stock Exchange is open for business. Proceeds from the redemption of shares will usually be sent to the redeeming shareholder within two business days after receipt in good order of a request for redemption. However, Transamerica Funds has the right to take up to seven days to pay redemption proceeds, and may postpone payment under certain circumstances, as authorized by law.

Mutual funds are subject to market risk, including loss of principal. Past performance is not indicative of future results.

Mutual Funds are sold by prospectus. Before investing, consider the funds' investment objectives, risks, charges, and expenses. This and other important information is contained in the prospectus. Please visit transamerica.com or contact your financial professional to obtain a prospectus or, if available, a summary prospectus containing this information. Please read it carefully before investing.

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